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Message Text

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51
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SAJ-01 OMB-01 CIAE-00 COME-00

EB-07 INR-07 LAB-04 NSAE-00 SIL-01 PM-03 NSC-05 SP-02

SS-15 DODE-00 PA-01 USIA-06 PRS-01 /067 W
---------- 038715
P R 061423Z MAY 75
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC PRIORITY 5841
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
USMISSION NATO

LIMITED OFFICIAL USE THE HAGUE 2293

E.O. 11652: N/A
TAGS: PINT, NL
SUBJECT: DUTCH CABINET CRISIS THREATENS

1. A PROPOSAL TO SET ASIDE FOR EMPLOYEES A PORTION OF UNDISTRIBUTED COMPANY PROFITS IN THE FUTURE HAS THREATENED THE DUTCH CABINET WITH A POSSIBLE CRISIS. THE OUTCOME IS NOT CLEAR, BUT COULD RESULT IN THE RESIGNATION OF ECONOMICS MINISTER RUUD LUBBERS, OR THE FALL OF THE ENTIRE CABINET, OR AS HAS HAPPENED ON SEVERAL OCCASIONS DURING
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THE TWO-YEAR LIFE OF THE DEN UYL CABINET, IN A COMPROMISE SOLUTION WHICH WILL PERMIT THE GOVERNMENT TO REMAIN INTACT.

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2. LATE IN THE DAY ON MAY 1, A POTENTIAL CRISIS AROSE IN
DUTCH POLICITS WHEN ECONOMICS MINISTER LUBBERS TOOK
A FIRM STAND ON WHAT, UNTIL THEN, WAS A RATHER OBSCURE
ISSUE, I.E. A PROGRESSIVE PROPOSAL TO SET ASIDE IN A
SPECIAL FUND A PORTION OF UNDISTRIBUTED COMPANY PROFITS
FOR EVENTUAL DISTRIBUTION TO THE WORKERS. LUBBERS AGREED
TO GO ALONG WITH THE PROPOSAL ONLY IF FUTURE WAGE
INCREASES WERE TO BE TIED TO PROEUCTIVITY OTHERWISE HE
THREATENED TO RESIGN. WE UNDERSTAND THAT THE ISSUE IS ONE
OF PRINCIPLE FOR LUBBERS, A MEMBER OF THE CATHOLIC (KVP)
PARTY, AND HAS SPLIT THE CONFESSIONAL MINISTERS IN THE
COALTION GOVERNMENT. LUBBERS IS GENERALLY SUPPORTED
BY THE KVP JUSTICE MINISTER VAN AGT (WHO ALSO SERVES AS DEPUTY PM)
BUT OPPOSED BY KVP TRANSPORTATION MINISTER WESTERTERP, KVP AGRICULTURE

MINISTER VAN DER STEE, AND ANTI-REVOLUTIONARY
PARTY (ARP) MINISTER FOR SOCIAL AFFAIRS, BOERSMA.

3. AFTER A SERIES OF MEETINGS MAY 1 AND MAY 2, A
COMPROMISE SOLUTION WAS REACHED WHICH SEEMED TO HAVE
GOVERNMENT OFF THE HOOK. HOWEVER, THE COMPROMISE WHICH WOULD PERMIT
ECON MIN TO SUSPEND INTRODUCTION OF PROGRAM IF ECONIMIC CONDITIONS
WARRANT
IT - CAME UNSTUCK OVER WEEKEND.
CABINET, LESS VAN AGT AND A LABOR PARTY MINISTER WHO ARE IN SURINAM,
IS MEETING TODAY TO TRY REACH ACCOMMODATION. EVENTUAL OUTCOME
IS STILL UNCERTAIN.

4. CRISIS IS LATEST FLARE-UP OF MANY WHICH HAVE
FACED DEN UYL CABINET OVER PAST TWO YEARS. WHILE
THIS ONE COULD RESULT IN DISSOLUTION OF CABINET
AND CALL FOR NEW ELECTIONS, PRIME MINISTER AND HIS
COLLEAGUES ARE LIKELY TO AVOID THAT RESULT IF AT ALL
POSSIBLE. PROGRESSIVE-CONFESSIONAL COALTION, WHILE
AT ODDS ON A NUMBER OF ISSUES HAS PROVED BE
AN EFFECTIVE GOVERNMENT, AND CABINET WORKS WELL TOGETHER
AS A TEAM. ELECTIONS SEEM TO BE IN NO ONE'S
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INTEREST AT MOMEMT, ALTHOUGH YOUNG LEFT-WINGERS
IN LABOR PARTY PROFESS TO WELCOME THEM. CONFESSIONALS,
ARE STILL IN LOW GEAR AND NEED TIME TO UNIFY. THUS, LIKELY RESULT
OF CURRENT CRISIS IS ANOTHER COMPROMISE AND POSTPONEMENT OF
NEW ELECTIONS.
GOULD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESS FIRMS, CABINET, POLITICAL STABILITY, PROFITS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975THEHA02293
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750158-0593
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505100/baaaafal.tel
Line Count: 105
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2003 by IzenbeI0>; APPROVED <16 APR 2003 by GolinoFR>
Review Markings:

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EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971002
Subject: n/a
TAGS: PINT, NL, (LUBBERS, RUUD)
To: STATE INFO ANKARA
ATHENS
BONN
BRUSSELS
COPENHAGEN
DUBLIN

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LISBON
LONDON
LUXEMBOURG
OSLO
OTTAWA
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REYKJAVIK
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